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TO RUEHC/SECSTATE WASHDC IMMEDIATE 9775  
INFO RUEHRL/AMEMBASSY BERLIN PRIORITY 0120  
RUEHBY/AMEMBASSY CANBERRA PRIORITY 4185  
RUEHLO/AMEMBASSY LONDON PRIORITY 0130  
RUEHOT/AMEMBASSY OTTAWA PRIORITY 0712  
RUEHGP/AMEMBASSY SINGAPORE PRIORITY 6430  
RUEHKO/AMEMBASSY TOKYO PRIORITY 7655  
RUEHFK/AMCONSUL FUKUOKA PRIORITY 0005  
RUEHGZ/AMCONSUL GUANGZHOU PRIORITY 9251  
RUEHHM/AMCONSUL HO CHI MINH CITY PRIORITY 0046  
RUEHHK/AMCONSUL HONG KONG PRIORITY 6288  
RUEHNH/AMCONSUL NAHA PRIORITY 0008  
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STATE FOR EAP/TC AND ISN/MTR

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TAGS: [ECCT](#) [PARM](#) [MTCRE](#) [JP](#) [TW](#)

SUBJECT: TAIWAN AIDS CHINA'S WEAPONS PROGRAMS:FOLLOW-UP

REF: TAIPEI 1321

Classified By: AIT DEPUTY DIRECTOR DAVID J. KEEGAN, REASONS 1.4 B, C, D  
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11. (SBU) In response to the Tokyo Sankei Shimbun report on April 12 that China is using a large number of Taiwan-made numerically-controlled high-precision lathes in its weapons programs aimed at Taiwan (reftel), Taiwan's Bureau of Foreign Trade (BOFT) issued a press release on April 14 containing five points (informal AIT summary translation):

-- (U) Taiwan's Ministry of National Defense (MND) has never released any news on Taiwan's exports of machine tools to China. Japan's Ministry of Economy, Trade, and Industry has told BOFT that it has no has no information on the Sankei Shimbun report. (AIT Note: Taiwan's MND was cited by Sankei as the source of the April 12 report.)

-- (U) Taiwan could not be the source of the one micron precision machines Sankei reported that China was using to produce weapons because only Japan, Switzerland, Germany, and the United States have the capability to make machine tools capable of this precision. The best Taiwan machine tools have a processing precision of only three microns and positioning precision of five microns.

-- (U) From January 2005 to March 2006 BOFT issued export permits for six shipments of machine tools to China covered by the Strategic High-Tech Commodities (SHTC) regulations. None of these six shipments contained machines capable of one micron processing.

-- (U) Taiwan's exports of machine tools to China from January 2005 to March 2006, including the six SHTC shipments, had a total value of US\$230 million. BOFT has asked exporters to provide additional information on these exports and has asked the manufacturers' association to remind members of export control regulations.

-- (U) Taiwan's current export control list contains the same

items as on the lists used by the United States, Japan, and EU countries, based on the Wassenaar Arrangement and other international control regimes. Any cutting machine with positioning precision higher than 4.5 microns requires an export license that will not be issued until BOFT confirms that the ultimate end-user is not on any international "blacklist" and is sure the machine is intended for commercial use. The BOFT has adopted "catch-all" controls for this purpose. Offenders are liable to a maximum jail term of two years.

¶2. (S) Comment: This narrow rebuttal leaves open the possibility that the information came unofficially from Taiwan's MND, and leaves wide open the possibility that high precision Taiwan-made machine tools are being used in China to produce some of the weapons intended for use against Taiwan, as the Sankei Shimbun reported. (These could be made by Taiwan companies in China, or exported through third territories, or exported without a computer numeric control device, the addition of which would give the machines the requisite higher precision.) The BOFT press release does not change the AIT view of the report as plausible, but unsubstantiated.  
YOUNG